

# EXHIBIT E



Nick Kos

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London, U.K.

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<p>1 MR. HILL: Maybe we should have -- maybe we should agree  2 that an objection by one of us is on behalf of all three  3 unless otherwise noted?</p> <p>4 MR. INFELISE: I would be pleased.</p> <p>5 MR. KOENIG: Would you like a lengthy explanation as to why?</p> <p>6 MR. INFELISE: No, I don't think it's necessary. I'm sure  7 Judge Sullivan would, but no, I don't think it's  8 necessary.</p> <p>9 Q. All right, sir, I'll ask the question one more time: Do  10 you recall the names of the subsidiaries, or Magyar  11 subsidiaries in -- in Montenegro --</p> <p>12 MS. FRIED: Objection.</p> <p>13 BY MR. INFELISE:  14 Q. -- that PwC audited?</p> <p>15 A. I believe it was Monet and Telekom Crne Gore.</p> <p>16 Q. The second name, I'm going to refer to as TCG --</p> <p>17 A. All right.</p> <p>18 Q. -- is that all right?  19 What type of business did TCG do?</p> <p>20 MS. FRIED: Objection.</p> <p>21 A. It was a telecoms business, I believe.</p> <p>22 BY MR. INFELISE:  23 Q. What about Monet?</p> <p>24 A. It was a mobile phone business --</p> <p>25 MS. FRIED: Objection.</p>	<p>1 Q. Was it MakTel?  2 A. MakTel, yes.  3 Q. Okay.</p> <p>4 Mr. Kos, when PwC conducts an audit of a company,  5 is there any normal procedure by which PwC requires  6 management to make representations to PwC concerning the  7 financial statements?</p> <p>8 A. Yes.</p> <p>9 Q. What is that?</p> <p>10 A. Typically we ask for a representation letter at the  11 conclusion of either an interim review or a -- or an  12 audit, annual audit.</p> <p>13 Q. You -- I'm sorry, do you do that before or after you  14 do --</p> <p>15 A. After the finalization procedures, yeah.</p> <p>16 Q. All right.</p> <p>17 A. Finalization procedure stage.</p> <p>18 Q. And is -- are those --</p> <p>19 MR. HILL: Can I ask Mr. Kos to keep his voice up a little  20 bit? I'm having trouble with ...</p> <p>21 MR. INFELISE: Sure.</p> <p>22 Q. Now, are these representations done in writing?</p> <p>23 A. Yes.</p> <p>24 Q. Who normally signs, on behalf of the company, these  25 management representation letters?</p>
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<p>1 A. -- to the best of my recollection.  2 (Reporter clarification.)</p> <p>3 WITNESS: Fixed-line telecoms business.</p> <p>4 BY MR. INFELISE:  5 Q. The -- TCG was a fixed-line --</p> <p>6 A. I believe so, yeah.</p> <p>7 Q. And Monet, you believe --</p> <p>8 A. Was a mobile business.</p> <p>9 Q. Mobile phone business?</p> <p>10 A. Mobile phone business.</p> <p>11 Q. Okay. Now --</p> <p>12 A. To the best of my recollection, yeah.</p> <p>13 Q. I'm sorry.  14 Did -- as part -- in 2005, did PwC audit the Magyar  15 subsidiaries in Macedonia?</p> <p>16 A. I believe so.</p> <p>17 Q. All right. Do you recall the names of those  18 subsidiaries?</p> <p>19 A. Telemacedonia, I think, and MobiMak. And potentially  20 Stonebridge was another one we may have audited.</p> <p>21 Q. Do you recall whether you did audit Stonebridge or not?</p> <p>22 A. I believe so, but I'm not absolutely certain.</p> <p>23 Q. When you refer to "Telemacedonia," was it also -- was it  24 a company that you actually audited, MakTel?</p> <p>25 A. MakTel.</p>	<p>1 A. Normally the CEO and the CFO of the respective company.  2 Q. Do you recall whether in 2005 and 2006, Magyar provided  3 management representation letters as part of the audit  4 and interim reviews that PwC did of those companies?</p> <p>5 A. To the best of my recollection, yes.</p> <p>6 Q. Do you have any recollection of who actually signed  7 those representation letters?</p> <p>8 A. For the group audits, it would have been -- or for the  9 group interim reviews in 2005, it would have been Klaus  10 Hartmann, I believe, and -- and Elek Straub, for the --  11 for the group, for the interim. For the -- for the year  12 end, 2005 and 2006, there were some changes.</p> <p>13 Q. I see. Now let me ask you this, Mr. Straub -- excuse  14 me; Mr. Kos.  15 I'm going to show you what we've previously marked  16 as plaintiff's exhibit 19, a multiple-page document,  17 Bates-numbered MT-PC-REPS-00134 through 00140. Just  18 take a moment and take a look at it, would you, please,  19 Mr. Kos.</p> <p>20 All right. Do you recognize this document, Mr. Kos?</p> <p>21 A. Yes.</p> <p>22 Q. What is it?</p> <p>23 A. It's a Magyar representation letter.</p> <p>24 Q. And by looking at it, can you tell whether this is  25 a representation letter for an audit, or for an interim</p>

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<p>1 A. Magyar Telekom.  2 Q. Magyar Telekom?  3 A. Yes.  4 Q. All right. So did the discovery of the Sigma and  5 Rawleigh contracts have any impact on the 2005  6 end-of-year audit of Magyar?  7 A. Yes.  8 Q. And what was that again?  9 A. We were unable -- we were not in a position to sign off  10 the 2005 year-end audit of Magyar Telekom at the  11 expected time, or ultimately prior to the expiration  12 of -- of certain regulatory deadlines.  13 Q. Sir, do you recall whether during the course of the 2005  14 end-of-year audit of the Montenegrin subsidiaries, any  15 other contracts were brought to your attention by  16 Mr. Trow?  17 MR. HILL: Objection.  18 (Reporter clarification.)  19 MR. HILL: Mine.  20 A. I wasn't myself directly involved in the audit of the  21 Montenegrin subsidiaries, but during the course of the  22 investigation, not necessarily by Mr. Trow, two other  23 contracts were brought to my attention.  24 BY MR. INFELISE:  25</p>	<p>1 or whether they shouldn't be approved by the board,  2 et cetera, et cetera.  3 But it was quite complex and quite -- quite lengthy  4 in terms of the -- the types of -- of activities during  5 the board meetings.  6 Q. I see.  7 Now -- well, let me ask you this, sir: You  8 mentioned one of the things that concerned you and  9 Mr. Trow about the Monet -- excuse me, the Rawleigh and  10 Sigma contracts were their size; and that was with  11 respect to TCG?  12 A. Yes, certainly with respect to TCG, but -- but mostly  13 even with respect to -- to Magyar Telekom. We contract  14 with Magyar Telekom, and I understand the process of  15 contracting with them; and certainly, from our  16 perspective, a contract the size of €2.5 million -- or  17 dollars, or whatever -- would have been subject to  18 intense scrutiny.  19 Q. When you talk about a contract that was worth two and  20 a half euros, are you referring to one the contracts,  21 either the Rawleigh or the Sigma contract?  22 A. To Rawleigh.  23 Q. All right.  24 Sir, during the course you talked about subsequent  25 discussions with the board of Magyar concerning PwC</p>
<p style="text-align: center;">Page 59</p> <p>1 Q. Do you recall what the response from anyone at the board  2 of directors meeting in February of 2006 was to your  3 statement that PwC was not in a position to sign off on  4 their 2005 end-of-year audit, or end-of-year financial  5 statements?  6 A. I think there were -- there were many board meetings  7 and -- and audit committee meetings over the period,  8 so -- so some of those things, in terms of the memory,  9 tend to -- to gel together. But -- but over the period  10 of those meetings, I think the initial meeting, there  11 was certainly a -- I think it's fair to say there was  12 a -- there was a certain level of -- of shock at the  13 position we were taking, and the discovery of -- of  14 issues.  15 I believe there was -- there was clear expressions  16 made in all of those meetings that the appropriate  17 process would be undertaken to -- to -- with the purpose  18 of clearing the senior management of the -- of the  19 company of any -- of any implications in any wrongdoing,  20 to allow us to sign off the financial statements.  21 During the course of further meetings, there were  22 various different scenarios being played out around  23 signing off financial statements; what were the  24 requirements, what were the legal requirements, whether  25 the financial statements should be approved by the board</p>	<p style="text-align: center;">Page 61</p> <p>1 signing off on the audit. What, if any, discussions  2 were there about PwC just signing off on some portion of  3 the audit -- of the financial statements?  4 A. There were discussions with management, and I can't  5 recall directly whether that was stated at the board,  6 but I think at least one -- at least at one point in  7 time, it must have been mentioned that the board -- that  8 we were going through a process of looking at whether or  9 not we could perform additional procedures on certain of  10 the subsidiaries so that we could sign those  11 subsidiaries off with a view to meeting the statutory  12 deadlines.  13 Q. Do you recall which subsidiaries that you were  14 considering?  15 A. I do recall that we were -- we were put under pressure  16 to sign off Macedonia Telekom.  17 Q. Would that have been MakTel?  18 A. MakTel.  19 Q. And why -- do you know why you were -- received pressure  20 to sign off on the financial statements of MakTel?  21 A. The management of the company told us that -- that they  22 needed signed financial -- audited financial statements  23 in order to pay a dividend that the government was  24 demanding.  25 Q. And do you recall --</p>

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<p>1 MR. KOENIG: "Pay" -- I'm sorry, you trailed off there.    2 WITNESS: "That the government was demanding." The    3 government of Macedonia.    4 BY MR. INFELISE:    5 Q. Thank you for that clarification.    6 Do you recall who it was that was putting pressure    7 on you to sign off on the financial statements for    8 MakTel?    9 A. It was the CFO and the CEO of MakTel, at that time,    10 which I believe was -- CEO was Szendrei Attila, and    11 I think -- or Attila Szendrei -- and the CFO was Rolf    12 Plath.    13 Q. All right. Was -- who, if anyone, at Magyar was putting    14 pressure on you to sign off on the financial statements    15 for MakTel?    16 A. I can't recollect anybody specifically at this point in    17 time.    18 Q. All right.    19 A. However, as I said, there was -- there were various    20 instances in the board meetings and in the audit    21 committee meetings where certain members were expressing    22 a desire for us to sign off the financial statements of    23 the group, and at various different times, potentially    24 some of the subsidiaries.    25 Q. What was your response to the request to sign off on the</p>	<p>1 government of Macedonia?    2 A. During that period?    3 Q. Yes.    4 A. During the audit period?    5 Q. Yes.    6 A. No.    7 Q. I'm going to show you -- I'm going to hand you, sir,    8 two exhibits, plaintiff's exhibit 11 and plaintiff's    9 exhibit 12. They are both two-page documents. Just    10 take a moment and take a look at those.    11 Have you had a chance to look at exhibits --    12 plaintiff's exhibits 11 and 12, Mr. Kos?    13 A. Yes.    14 Q. Do you recognize these documents?    15 A. Yes.    16 Q. And again, let me ask you this: During the 2005    17 end-of-year audit of Magyar, were these documents ever    18 brought to your attention by anyone at Magyar?    19 A. No, I don't think they were ever brought to my attention    20 by anybody at Magyar.    21 MR. HILL: I'm sorry --    22 MS. FRIED: I'm sorry, I'm having difficulty hearing.    23 WITNESS: "They were never brought to my attention by    24 anybody at Magyar."    25 MR. INFELISE: Thank you.</p>
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<p>1 financial statements for MakTel?    2 A. If I recall, I think initially, we -- we offered to do    3 some additional forensic-type procedures to try and get    4 ourselves comfortable with -- with MakTel overall, and    5 whether or not there were similar issues or concerns    6 as -- as discovered in Montenegro, so that we may be in    7 a position to -- to get the desired level of comfort to    8 sign off an opinion on those financial statements.    9 Q. And what was the response of Magyar -- excuse me -- what    10 was the response of Magyar to those -- to that offer?    11 A. If I recollect, we -- we made an offer to do that,    12 and -- and then, I believe, if I understand, we were    13 told that -- that we weren't required to do that.    14 I think they -- I think we may have asked them also    15 to look at the possibility of paying the dividend    16 without having audited financial statements.    17 Q. When you said you were told you were not required to do    18 that, who told you that?    19 A. I can't recall, but I -- I suspect it was the -- the    20 management of -- of MakTel.    21 Q. Sir, let's then turn to Macedonia and the subsidiaries    22 there.    23 Sir, during the 2005 end-of-year review of Magyar    24 and MakTel, did you ever become aware of signed    25 protocols of cooperation between Magyar and the</p>	<p>1 Q. Based on your experience, and after reviewing these    2 protocols of cooperation, do you believe that these two    3 documents, or these protocols of cooperation,    4 plaintiff's exhibits 19 and 20, are the type of    5 documents that should have been maintained in the books    6 and records of Magyar?    7 MS. FRIED: Objection.    8 MR. KOENIG: Objection.    9 A. On the face of it, absolutely, I believe so.    10 BY MR. INFELISE:    11 Q. Why do you say that?    12 A. There are certain elements to these contracts which may    13 have a financial impact. Some of the numbers in here    14 are quite substantial. There's -- there's reference to    15 agreement that -- that also may have an accounting    16 impact, for example, on the financial statements, may    17 require certain treatment.    18 MR. DODGE: Excuse me a second.    19 (Discussion off the written record.)    20 MR. INFELISE: Oh. Yeah. Thank you.    21 Q. I've misidentified the two -- the two protocols I'm    22 showing you are exhibits 11 and 12.    23 Now, could you specifically identify those    24 paragraphs that you're talking about with respect to    25 the -- one, the significant numbers; and two, the audit</p>

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<p>1 issues that were -- financial accounting issues that 2 were raised?</p> <p>3 MS. FRIED: Objection.</p> <p>4 A. I -- I guess, theoretically, if you -- if you go through 5 the letter, in paragraph 1, there's a commitment 6 potentially to -- to a network build, which may be 7 a capital commitment which may need to be disclosed in 8 the financial statements.</p> <p>9 There is -- there's also an agreement with the 10 government around licensing in the future, which may 11 also need to be disclosed, because it gives potential 12 advantages to the company that would need to be assessed 13 from a disclosure point of view.</p> <p>14 The second paragraph, where -- the paragraph 15 entitled number 2 refers to a guaranteed dividend, 16 I guess, if I look at that just briefly; so that would 17 need to be evaluated, whether that should be shown 18 within the financial statements as a -- as a declared 19 dividend, for example. There are other -- other 20 elements to that which also may have an accounting 21 impact on how that -- that would be treated.</p> <p>22 In paragraph 3, it appears to dictate the frequency 23 fee payments for certain periods of time, whether or not 24 those were the actual frequency payments, fee payments, 25 according to the financial statements, I don't know, but</p>	<p>1 these, but all of these are questions that we would -- 2 we would need to assess.</p> <p>3 And I guess -- I'm not absolutely sure on this, but 4 I think there's -- typically, within the 20-F, probably 5 a list of significant contracts that would need to be 6 disclosed as well, or -- I don't know. An appendix, 7 potentially, to the -- to the 20-F for the -- for the 8 registration -- or for the reporting purposes in the US. 9 So -- so there's a few implications -- there's quite 10 a few, I guess, implications to this that would need to 11 be evaluated in terms of the financial statements.</p> <p>12 BY MR. INFELISE:</p> <p>13 Q. Based on your review of the two protocols of 14 cooperation, plaintiff's exhibits 11 and 12, are these 15 the type of documents that should have been brought to 16 PwC's attention during the course of the 2005 17 end-of-year audit?</p> <p>18 MS. FRIED: Objection.</p> <p>19 MR. HILL: Objection.</p> <p>20 MR. KOENIG: Objection.</p> <p>21 A. I believe so.</p> <p>22 BY MR. INFELISE:</p> <p>23 Q. Thank you.</p> <p>24 Oh, if you would, just for a moment, look at 25 plaintiff's exhibit number 12. On the second page,</p>
<p style="text-align: center;">Page 67</p> <p>1 that would need to be evaluated in terms of the 2 financial statements.</p> <p>3 Rebranding; there's a commitment to rebranding which 4 would need to be evaluated as to the accounting for 5 that, because if there's a commitment made to 6 rebranding, very often there's costs associated with 7 that which need to be -- may or may not need to be 8 recognized up front, so there may be a devaluation of -- 9 of an existing brand, or a replacement with a new brand.</p> <p>10 Paragraph 6, I am not sure; again, it's something 11 that's a significant agreement with a major -- with 12 a major partner and customer.</p> <p>13 There's a frequency fee issue referred to in 14 paragraph 7. Again, if we're trying to assess the 15 accounting treatment of a -- for example, if this is 16 a contingent liability-type issue, then this -- this 17 information may materially affect the accounting 18 treatment for that.</p> <p>19 Planning further investments in the country; again, 20 this may relate to capital commitment type of 21 disclosure.</p> <p>22 The registration of -- of MT as the sole shareholder 23 of Stonebridge, again, that may have an impact of how 24 that's recognized within the financial statements, and 25 -- I can't -- I can't give a definitive answer in any of</p>	<p style="text-align: center;">Page 69</p> <p>1 there is a signature block, and it appears to have 2 been -- it's for Elek Straub.</p> <p>3 During the course of any of the conversations you 4 had with Mr. Straub during the 2005 end-of-year audit at 5 Magyar, did Mr. Straub ever mention that he had signed 6 a protocol of cooperation with officials of the 7 government of Macedonia?</p> <p>8 A. Not to my recollection.</p> <p>9 Q. During the course of the 2005 audit of Magyar, did 10 Mr. Balogh ever mention that he had signed a protocol of 11 cooperation with the government of Macedonia?</p> <p>12 MR. HILL: Objection.</p> <p>13 A. Not to my recollection.</p> <p>14 BY MR. INFELISE:</p> <p>15 Q. Next I'd like you to go to what we previously marked as 16 plaintiff's exhibit number 13. This is a four-page 17 document, Bates-numbered MT-MAK 1051986 through 1987, 18 and MT-MAK 1051986-T to 1987-T.</p> <p>19 And, sir, you'll see that the first two pages are in 20 Hungarian; the second two pages are what appear to be 21 English translations of those emails. I was going to 22 direct your attention to the second two pages, which are 23 the English translation.</p> <p>24 And if you take a moment to look through this -- 25 again, recognizing that, you know, consistent with the</p>

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<p>1 the 2005 audit, and of your audit of Magyar, did he ever  2 tell you that Magyar had decided, intentionally, not to  3 include signed copies of protocols of cooperation in its  4 books and records?</p> <p>5 MR. HILL: Objection.</p> <p>6 MS. FRIED: Objection.</p> <p>7 A. No.</p> <p>8 BY MR. INFELISE:</p> <p>9 Q. During the course of the 2005 audit of Magyar, did  10 Mr. Straub ever tell that you Magyar intentionally  11 decided not to include copies of protocols of  12 cooperation, plaintiff's exhibits 11 and 12, in its  13 books and records?</p> <p>14 MS. FRIED: Objection.</p> <p>15 A. No.</p> <p>16 BY MR. INFELISE:</p> <p>17 Q. During the course of the audit of 2005, end-of-year  18 audit of Magyar, did Mr. Balogh ever tell you that  19 Magyar intentionally decided not to include copies of  20 the protocols of cooperation, plaintiff's exhibits  21 11 and 12, in its books and records?</p> <p>22 MR. HILL: Objection.</p> <p>23 A. No.</p> <p>24 BY MR. INFELISE:</p> <p>25 Q. All right, sir. If you would now go back to plaintiff's</p>	<p>1 "... the purpose of determining whether any material  2 modification should be made to the interim consolidated  3 financial statements for them to confirm with  4 International Financial Reporting Standards..."</p> <p>5 We -- we were not able to evaluate the impact of --  6 of these protocols and whether they would have made --  7 required any modifications to the financial statements.  8 They should have been evaluated for that purpose.</p> <p>9 "We confirm that we are responsible for the fair  10 presentation in the interim consolidated financial  11 statements..."</p> <p>12 I can't make a determination -- the determination  13 whether or not these protocols would have impacted the  14 fair presentation.</p> <p>15 Q. And, sir, what you're reading from is plaintiff's  16 exhibit number 19?</p> <p>17 A. Number 19, yes.</p> <p>18 Q. Thank you.</p> <p>19 A. But similarly, the same clause is in 20.</p> <p>20 Q. All right.</p> <p>21 A. Unless -- if you want me to go through it separately,  22 I can do that; that's -- that's fine.</p> <p>23 Q. Only -- only to the extent that there may be  24 a difference. Otherwise, you can just indicate that  25 your comments would apply to 19 and 20.</p>
<p>1 exhibit 19 and 20, which I believe were the management  2 representation letters, the first ones I showed you.  3 Having had a chance to look at plaintiff's  4 exhibits 11, 12, 13 and 14, sir, did the existence of  5 those documents and those emails in any way affect any  6 of the statements that were made by Magyar with respect  7 to those interim audits in 2005?</p> <p>8 MR. HILL: Objection.</p> <p>9 A. Yes.</p> <p>10 BY MR. INFELISE:</p> <p>11 Q. Are there any specific representations that would be  12 relevant here?</p> <p>13 MS. FRIED: Objection.</p> <p>14 A. I need to check the date -- it's May 2005, yeah.  15 So, because these existed in the second quarter,  16 then potentially they would have had an impact on the  17 financial statements.</p> <p>18 BY MR. INFELISE:</p> <p>19 Q. "These" being plaintiff's exhibits 11 and 12?</p> <p>20 A. 11 and 12.</p> <p>21 Q. Okay. Thank you.</p> <p>22 A. They may have impact on the financial statements that  23 were referenced in these two representation letters, so  24 both the second quarter and the third quarter of 2005.  25 At the beginning, it talks about:</p>	<p>1 A. Okay. Number 2:  2 "The interim consolidated financial statements  3 referred to above are fairly presented in conformity  4 with IFRS."</p> <p>5 That may be impacted by the protocols, for the  6 reasons that we've outlined before.</p> <p>7 Number 4 -- I'm ignoring number 3, because we didn't  8 have any unadjusted differences related to the protocol,  9 because we didn't review them.</p> <p>10 Number 4:  11 "[We've] made available to you ...  12 ... All financial records and related data."</p> <p>13 I believe that this was not provided to us.</p> <p>14 I believe it should have been provided to us in the  15 normal course of the audit, and -- and the purpose of --  16 I think, clearly, the purpose of this representation in  17 the management representation letter is to ensure that  18 people are reminded -- management are reminded of their  19 responsibility to provide us with -- with that sort of  20 information and data.</p> <p>21 "There are" -- number 5:  22 "There are no significant deficiencies, including  23 material weaknesses in the design or operation of  24 internal control over financial reporting that are  25 reasonably likely to adversely affect the company's</p>

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<p>1 the two contracts.</p> <p>2 Q. Did you have any one-on-one discussions about this with</p> <p>3 Mr. Straub following that meeting?</p> <p>4 A. We did have a one-on-one discussion with Mr. Straub; I'm</p> <p>5 not quite sure of the time -- not a one on one, sorry,</p> <p>6 it was with two others. But we did have a discussion</p> <p>7 about how to -- how to proceed with -- with matters,</p> <p>8 with a view to clearing him with regard to the -- the</p> <p>9 concerns.</p> <p>10 Q. Did Mr. Straub say during that meeting that -- you know,</p> <p>11 this has become a source of frustration because the</p> <p>12 company was trying to be cooperative and -- and</p> <p>13 compliant, and do what was necessary to complete the</p> <p>14 audit?</p> <p>15 A. I can't recall directly.</p> <p>16 Q. Okay.</p> <p>17 Now, I may go back to some of the individual</p> <p>18 documents you referred to earlier today, but to jump</p> <p>19 ahead in the chronology of it, it's the case that you</p> <p>20 and PwC ultimately agreed to approve the 2005 financial</p> <p>21 statements at the end of 2006; correct?</p> <p>22 A. Correct.</p> <p>23 Q. But isn't it the case that you agreed to that only on</p> <p>24 the basis of certain conditions?</p> <p>25 A. We agreed to that on the basis that the financial</p>	<p>1 provided to you during the time period which -- during</p> <p>2 which PwC was actually performing the 2005 audit; is</p> <p>3 that correct?</p> <p>4 A. That's my recollection, yeah.</p> <p>5 Q. And when were these documents ultimately provided to</p> <p>6 you?</p> <p>7 A. I -- I don't know if they were ever provided to me.</p> <p>8 I think I saw them when I had that meeting with the DOJ</p> <p>9 in -- in Washington for the first time, is my</p> <p>10 recollection, and then -- they may have been in the</p> <p>11 package yesterday, but then I think I saw them today for</p> <p>12 the first time.</p> <p>13 Q. Okay.</p> <p>14 A. Or -- not the first time, but -- but I don't think I've</p> <p>15 ever received them.</p> <p>16 Q. Other than in the context of the investigation, or this</p> <p>17 lawsuit?</p> <p>18 A. Other than the context of -- yes, the -- yes, but -- but</p> <p>19 I have not received them.</p> <p>20 Q. Understood.</p> <p>21 A. They've been shown to me.</p> <p>22 Q. Okay.</p> <p>23 A. Yeah.</p> <p>24 Q. Then am I also correct in assuming that you've never</p> <p>25 discussed these documents with Ladu Bukowski, Elek</p>
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<p>1 statements were approved by the audit committee and by</p> <p>2 the board of directors.</p> <p>3 Q. Was it also a condition that Mr. Straub resign from his</p> <p>4 position?</p> <p>5 A. I'm not sure that I recollect it as being a condition,</p> <p>6 per se. But we were not in a position, following the</p> <p>7 reports by White &amp; Case, as the investigators, and nor</p> <p>8 were they in a position -- they were not in a position,</p> <p>9 I guess, to clear him with regard to the allegations,</p> <p>10 and therefore we were unable to rely on his</p> <p>11 representation.</p> <p>12 Q. And he in fact did resign at the December 5th, 2006,</p> <p>13 audit committee meeting; correct?</p> <p>14 A. I can't recall exactly, but that sounds --</p> <p>15 Q. Okay.</p> <p>16 A. -- like it could be right, yeah.</p> <p>17 Q. I'd like to ask you about a few of the documents that</p> <p>18 were put in front you this morning --</p> <p>19 A. Mm-hmm.</p> <p>20 Q. -- by Mr. Infelise. In particular, I'm referring to</p> <p>21 plaintiff's exhibits 11 and 12, the protocol of</p> <p>22 cooperation. I'll give you a moment to pull out ...</p> <p>23 A. Sure.</p> <p>24 Okay.</p> <p>25 Q. I believe you said you didn't -- these documents weren't</p>	<p>1 Straub, or Izimali Mehazi?</p> <p>2 A. Apart from Elek Straub, I don't think I've ever met the</p> <p>3 other two gentlemen.</p> <p>4 Q. And you've not discussed these documents with</p> <p>5 Mr. Straub?</p> <p>6 A. I don't believe I've ever discussed these documents with</p> <p>7 Mr. Straub.</p> <p>8 Q. Okay.</p> <p>9 A. I -- you know, I don't think I've had much of</p> <p>10 a conversation with Mr. Straub post me first seeing</p> <p>11 these documents, in fact, yeah.</p> <p>12 Q. Okay. Is it in fact the case that you had never</p> <p>13 discussed the contents or negotiation or discussions</p> <p>14 leading up to these documents with any senior executives</p> <p>15 at Magyar Telekom?</p> <p>16 A. I don't believe I had, no.</p> <p>17 Q. Okay. In fact, do you know whether any of the</p> <p>18 provisions that I believe were characterized this</p> <p>19 morning as "contract terms" were ever actually performed</p> <p>20 or satisfied?</p> <p>21 A. I -- I have done no further work on these protocols</p> <p>22 whatsoever.</p> <p>23 Q. Okay.</p> <p>24 I'd also like to ask you a few questions about</p> <p>25 plaintiff's exhibit 15, which is the document, four-page</p>

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Nick Kos

May 28, 2014

London, U.K.

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<p>1 Q. -- is that a -- is that a required process in the --</p> <p>2 A. Not that I'm aware of, no.</p> <p>3 Q. So is it -- is it a process that -- well, the purpose of</p> <p>4 the -- of that process is to enable the CEO or the CFO</p> <p>5 who's providing the management representation the</p> <p>6 information he or she needs in order to make the</p> <p>7 representations; that's the purpose. Am I right?</p> <p>8 A. I think that's a determination for the CEO or the CFO to</p> <p>9 make. It's -- for our purpose, we need to be satisfied</p> <p>10 that -- that they understand their business, they have</p> <p>11 the ability to make the sort of representations -- and</p> <p>12 we may get comfortable with that on many different ways.</p> <p>13 Q. So in a company, for example, like Magyar, of the size</p> <p>14 of Magyar --</p> <p>15 A. Mm-hmm.</p> <p>16 Q. -- is the existence of a cert -- subcert process</p> <p>17 a necessary component of allowing you to be comfortable</p> <p>18 ultimately with the management representations?</p> <p>19 A. It's not a requirement that -- that we have of a</p> <p>20 company, but it certainly contributes to the comfort</p> <p>21 that we take from the -- from the process, yeah.</p> <p>22 Q. But PwC doesn't impose that as a requirement?</p> <p>23 A. No, I don't believe so.</p> <p>24 Q. And am I fundamentally correct in what I said a minute</p> <p>25 ago, that the purpose, really, if there is such</p>	<p>1 of something that you weren't previously aware of?</p> <p>2 A. I mean, I was -- I was aware, and I remain aware,</p> <p>3 because I remember that, because sometimes we had to</p> <p>4 wait for the -- for the representation letter until the</p> <p>5 account -- the controller of accounting, or the director</p> <p>6 of -- director of accounting, Tom Stumpf, was satisfied</p> <p>7 that they had got all the subcertifications that -- that</p> <p>8 they needed.</p> <p>9 But -- but we didn't examine those</p> <p>10 subcertifications, and maybe that's the -- the</p> <p>11 misunderstanding, because of that.</p> <p>12 Q. So the -- when you say you didn't examine them, in other</p> <p>13 words, the -- whatever subcertifications there were were</p> <p>14 not reviewed by PwC?</p> <p>15 A. I don't believe so, no.</p> <p>16 Q. Do you know if they were maintained or compiled in any</p> <p>17 fashion?</p> <p>18 A. I -- I believe they probably would have been, yeah.</p> <p>19 Q. Do you know whether or not the -- what the significance</p> <p>20 to PwC would have been if in fact they -- there were --</p> <p>21 there were requests for the subcertifications, and</p> <p>22 they -- no response came back from the request?</p> <p>23 A. That would have been something for the management to</p> <p>24 deal with.</p> <p>25 Q. And the management in this -- with respect, at least, to</p>
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<p>1 a process, is to make sure that the -- that those giving</p> <p>2 the management representations have the information they</p> <p>3 need in order to be accurate?</p> <p>4 A. That -- you know, again, as I said, that's a</p> <p>5 determination for them to make, because -- you know,</p> <p>6 they may decide they don't need that; they may decide</p> <p>7 that they have other means for -- for getting</p> <p>8 comfortable that they can actually make the declarations</p> <p>9 in the -- in the representation letter.</p> <p>10 Q. Okay. I thought I heard you this morning -- but I may</p> <p>11 have misheard -- I thought I heard you this morning say</p> <p>12 that you -- that you had an understanding that Magyar</p> <p>13 had a subcertification process.</p> <p>14 A. Yes. I had an understanding of that, yeah.</p> <p>15 Q. Okay. Again, in 2009, let me -- I'll represent to you</p> <p>16 in 2009, when you spoke with the Department of Justice</p> <p>17 and the FBI, their memorialization of what you said was</p> <p>18 that you were "not sure whether subcertifications were</p> <p>19 used at Magyar"?</p> <p>20 MR. INFELISE: Objection.</p> <p>21 BY MR. HILL:</p> <p>22 Q. Is it possible that you have sort of -- again, through</p> <p>23 the process of your -- that was -- you know, five years</p> <p>24 ago; you've learned things in the last five years,</p> <p>25 you've read things, obviously, that you've become aware</p>	<p>1 Macedonia -- would have been -- Mr. Trow would have been</p> <p>2 the one in charge of that? He would have had to make</p> <p>3 a determination, for example?</p> <p>4 A. No, no, no. Mr. Trow would have been requesting the</p> <p>5 representation letter. If the management there didn't</p> <p>6 receive all the subcertifications that they wanted, it</p> <p>7 was their determination whether or not to sign the</p> <p>8 representation letter.</p> <p>9 Q. So it would be not a factor from PwC's review of -- PwC</p> <p>10 has to independently certify; correct? At least on an</p> <p>11 annual basis?</p> <p>12 A. We issue our audit opinion on -- on the annual basis,</p> <p>13 but the -- we need the representation letter signed by</p> <p>14 the CEO and the CFO; that's what we request.</p> <p>15 Q. And that's a predicate to issue when you need to?</p> <p>16 A. Yeah, but -- but at the same time, if we -- if we are of</p> <p>17 the opinion that the CEO and the CFO don't know their</p> <p>18 business, don't have the ability to -- to give that</p> <p>19 certification, then we would potentially ask them to</p> <p>20 perform whatever procedures they should perform to get</p> <p>21 knowledgeable about their financial statements.</p> <p>22 But we didn't -- I don't believe we had those</p> <p>23 concerns about Elek Straub or Klaus Hartmann. Now,</p> <p>24 whether they had a process of subcertification or not</p> <p>25 was, from my perspective, to give them comfort. It may</p>

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Nick Kos

May 28, 2014

London, U.K.

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<p>1 Q. With regard to White &amp; Case, you said you met with them 2 several times?</p> <p>3 A. Yeah.</p> <p>4 Q. Okay. By phone and in person, or just --</p> <p>5 A. Yeah.</p> <p>6 Q. -- in person?</p> <p>7 A. Both, I guess, yeah.</p> <p>8 Q. Okay. In all the times you were -- did you meet with 9 them in person more than twice?</p> <p>10 A. Oh, I think so, yes.</p> <p>11 Q. More than five times?</p> <p>12 A. I believe so.</p> <p>13 Q. Okay. When you were meeting with White &amp; Case, were 14 there people from White &amp; Case there taking notes during 15 the meeting? To the extent you recall.</p> <p>16 A. Certainly in the first interview, when we -- when we 17 talked through the -- the background to --</p> <p>18 Q. And do you remember when that was?</p> <p>19 A. Early January 2006.</p> <p>20 Q. Okay. So when you met with them subsequent to that, do 21 you know if they were --</p> <p>22 A. I -- I don't -- I don't recall that they were -- they 23 weren't in the context of interviews; it was more in the 24 context of audit committee meetings, briefings on the 25 progress that we're making in regard to --</p>	<p>1 A. Yes.</p> <p>2 Q. And when you made those statements, was that before 3 there was an internal investigation conducted by 4 White &amp; Case?</p> <p>5 A. Yes.</p> <p>6 Q. And when you made those statements, was that before you 7 were aware of the findings of that investigation by 8 White &amp; Case?</p> <p>9 A. Yes.</p> <p>10 Q. Second, Mr. Straub's counsel asked you some questions 11 about your interaction with Mr. Straub and whether or 12 not you discussed basic procedures and testing 13 procedures. And I'm not sure I recall exactly the 14 questions, but let me ask you this, sir: If you had 15 discussions with Mr. Straub, and he was aware that 16 Magyar intentionally did not include contracts for 17 protocols of cooperation with a foreign government in 18 their books and records, would you have expected him to 19 tell you that?</p> <p>20 MR. KOENIG: Objection.</p> <p>21 MS. FRIED: Objection.</p> <p>22 A. Yes.</p> <p>23 BY MR INFELISE:</p> <p>24 Q. And was the existence of protocols and cooperation 25 between Magyar and a foreign government, was that</p>
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<p>1 Q. I see.</p> <p>2 A. -- the investigations, et cetera, et cetera.</p> <p>3 Q. Okay.</p> <p>4 MR. KOENIG: All right. Could I just have one second. (Discussion off the written record.)</p> <p>5 MR. KOENIG: I'm 1 minute past your 5 o'clock, but I'm done.</p> <p>6 A. Thank you. Appreciate it. Thank you.</p> <p>7 MR. INFELISE: I just have a couple of followup questions, 8 if you don't mind.</p> <p>9 VIDEOGRAPHER: Going off the record at 2 minutes past 5. 10 Recording has stopped. (A break was taken.)</p> <p>11 VIDEOGRAPHER: Back on the record at 2 minutes past 5. 12 Examination by MR. INFELISE</p> <p>13 BY MR INFELISE:</p> <p>14 Q. Mr. Kos, just a couple of questions. 15 Mr. Straub's counsel asked you some questions about 16 statements you made in 2005 concerning your opinion of 17 Magyar and its procedures. Let me just ask you, sir, 18 was -- when you made those statements, were you aware of 19 the Sigma and Rawleigh contracts?</p> <p>20 A. No.</p> <p>21 Q. And when you made those statements, was that before you 22 stated you lost confidence in representations Mr. Straub 23 was making to you?</p>	<p>1 information that would have been material to your audit 2 of Magyar?</p> <p>3 MS. FRIED: Objection.</p> <p>4 MR. KOENIG: Objection.</p> <p>5 A. As we've gone through this before, the -- that 6 determination would need to be made, but -- but they 7 would certainly require further investigation and 8 further questions, from our perspective.</p> <p>9 BY MR INFELISE:</p> <p>10 Q. And, sir, just to be clear, would the existence of 11 backdated contracts entered into by Magyar's 12 subsidiaries, would the existence of those backdated 13 contracts have been potentially material to the audit of 14 Magyar and its subsidiaries?</p> <p>15 A. Potentially, but that would be --</p> <p>16 MR. KOENIG: Objection.</p> <p>17 MS. FRIED: Objection.</p> <p>18 MR. HILL: Objection.</p> <p>19 A. That would be the subject of further investigation, but 20 that would be required, yeah.</p> <p>21 BY MR INFELISE:</p> <p>22 Q. And finally, Mr. Kos, would the existence of duplicate 23 contracts, where two subsidiaries of Magyar entered into 24 an identical contract with the same company, on the same 25 date, to provide the same service, would those existence</p>

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